

gain from the sale of the home after deduction for sales expenses, and to be returned to the Bank to be made available to other households under the Initiative or to other Affordable Housing Program projects, except that the Bank in its discretion may waive such repayment requirement if its imposition would cause undue hardship on the seller, as defined by the Bank;

(xii) *Bank implementation procedures.* Each Bank may establish its own procedures for further implementation of the requirements of this paragraph (g)(1).

(2) *Nonconforming homeownership set-aside programs.* A Bank may set aside a portion of its annual required Affordable Housing Program contribution, in an amount approved by the Board, to implement a homeownership program that does not meet the requirements of paragraph (g)(1) of this section, provided the program satisfies the requirements of 12 U.S.C. 1430(j); meets those goals of the National Homeownership Strategy that, in the Board's determination, are consistent with the goals of the AHP; and receives the prior approval of the Board.

[56 FR 8694, Mar. 1, 1991, as amended at 60 FR 49330, Sept. 25, 1995]

#### **§ 960.6 Reporting requirements.**

(a) Each Bank shall provide reports and documentation concerning the Program as the Board may from time to time request.

(b) To meet Board requests for reports and documentation, at least annually each Bank shall require members that receive a subsidy to file periodic reports supported by appropriate documentation, with such Bank continuing until the subsidy has been fully used or repaid by the member. Reports shall, at a minimum, state the manner in which the member has used the proceeds of the subsidy.

(c) Each Bank shall require the boards of directors of members receiving subsidies to certify that the subsidy has been passed through to the borrower and continues to be used for the approved purposes.

#### **§ 960.7 Monitoring.**

(a) The Board shall have the responsibility and authority to monitor,

audit, and review Bank and member compliance with the Program requirements of the Federal Home Loan Bank Act, this part, and other applicable laws and regulations. The Board shall, in its discretion, use all necessary resources, including Office of Inspector General and Office of General Counsel personnel, Program support staff, and specialized contractors to carry out this responsibility.

(b) Each Bank shall monitor, audit, and review its Program and member Program projects and lending to assure full compliance with the requirements of this part. The Banks shall audit the following Program elements: subsidy calculations, pricing, development, promotion, marketing, compliance, member project development, subsidy delivery, loan pricing (including markup, fees, and terms), community involvement, and oversight.

(c) Monitoring of Program performance and compliance shall be by audits of applications and supporting documentation, loan-record analysis, specialized reporting, data gathering, site inspections, and such other techniques determined by the Board as necessary to detect and eliminate violations, fraud, mismanagement, and dissipation of Program assets.

(d) Miscalculations, errors, and violations of Program regulations identified by the Board or a Bank shall be corrected immediately. In cases where subsidies have been improperly received, the Bank shall recover the subsidy amount, with fees and interest, if appropriate, in accordance with § 960.8 of this part. Other violations of the Act, this part, or other laws and regulations shall be referred to the Board, the Bank, and other agencies of competent jurisdiction for criminal prosecution or civil recovery.

#### **§ 960.8 Recapture.**

(a) A member shall notify the Bank immediately upon receiving information that the proceeds of a subsidized advance or other subsidized assistance granted by the Bank to the member will not be or are no longer being used for the purposes approved by the Bank and the Board. The member shall not advance any additional subsidized funds. Furthermore, the amount of